

VZCZCXRO9396
PP RUEHRG
DE RUEHBR #0554 0882021
ZNR UUUUU ZZH
P 292021Z MAR 07
FM AMEMBASSY BRASILIA
TO RUEHC/SECSTATE WASHDC PRIORITY 8521
RUEHRI/AMCONSUL RIO DE JANEIRO 4100
RUEHSO/AMCONSUL SAO PAULO 9500
RUEHRG/AMCONSUL RECIFE 6426
RUEHDG/AMEMBASSY SANTO DOMINGO 0170
RUEHPU/AMEMBASSY PORT AU PRINCE 0186
RUEHSN/AMEMBASSY SAN SALVADOR 0155
RUEHWN/AMEMBASSY BRIDGETOWN 0065
RUCPDOG/USDOC WASHDC
RHEBAAA/USDOE WASHDC
RUEHRC/USDA WASHDC

UNCLAS BRASILIA 000554

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SENSITIVE
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USDA FOR FAS
STATE FOR E/GREGORY MANUEL, EPSC/LKUBISKE, FCORNEILLE
USDOE FOR COURTNEY GILLESPIE
STATE PASS TO USTR SCRONIN

E.O. 12958: N/A

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SUBJECT: BRAZIL: MFA DISCUSSES UPCOMING LULA CAMP DAVID VISIT WITH
POTENTIAL THIRD-COUNTRY BIOFUELS PARTNERS

REF: STATE 40124

11. (SBU) Summary: The GOB's Ministry of Foreign Affairs (MFA)'s Under Secretary General for Political Affairs, Everton Vieira Vargas, met with the Ambassador of the Dominican Republic, and the Charge d'Affaires of Haiti on March 29. DCM and EconOff were also invited to attend. Per reftel, the meeting discussed Brazilian President Luiz Inacio Lula da Silva's upcoming March 31 visit to Camp David, where it is hoped that both presidents will be able to announce that Haiti, the Dominican Republic, St. Kitts and Nevis, and El Salvador will work with the U.S. and Brazil on biofuels pursuant to the March 9, 2007 Memorandum of Understanding (MOU) on biofuels between the two governments. (Comment: the Ambassador of El Salvador was also invited but is currently out of the country; St. Kitts and Nevis, the fourth nation under consideration per reftel, does not have an accredited representative to Brazil. End Comment.) Also attending for the MFA were Minister Igor Kipman of the Division of Mexico, Central America and Caribbean, and First Secretary Claudia Vieira Santos of the Division of Renewable Fuels.

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Vargas said Minister Antonio Simoes of the MFA's Department of Energy is already in Washington for the first organization meeting pursuant to the MOU.

12. (SBU) Discussion was cordial, centering on the need for the third countries invited to agree to the plan before it is announced at Camp David. All players emphasized future private industry involvement, the possibility of increased job creation and investment, and the end goal of making ethanol into a globally-traded commodity. Responses from the representatives from the Dominican Republic and Haiti representatives were cautiously positive - though neither were able to provide a definitive commitment. End Summary.

13. (SBU) Vargas emphasized that the MOU would help: a) spur global, regional, and local cooperation; b) establish, via the International Biofuels Forum (IBF) patterns and norms that will lead to the commoditization of ethanol; c) develop and exchange new technology; d) job and income creation; e) foreign direct investment; and e) a reduction of greenhouse gases. He also emphasized the importance of what he called a "symmetry of understanding" for all countries involved. All of these points were well received by Ambassador Manuel Morales Lama of the Dominican

Republic and Minister-Counselor Jean-Baptiste Reynold Leroy of Haiti. Vargas also discussed the recent IBF meeting in New York as an example of other countries' interest in the topic of biofuels development. He emphasized that the IBF is an intergovernmental operation with the goal of significant private sector involvement.

¶4. (SBU) Morales Lama indicated that the Dominican Republic already has a keen interest in sugar cane and in establishing a free trade zone, but that he could not definitively provide his country's acceptance of the USG-GOB plan without first consulting his president. Leroy expressed some trepidation as the sugar cane industry in Haiti already had failed ostensibly due to falling prices. Kipman indicated that the goal would be the development of the sugar cane market in Haiti's economically depressed north. U.S. DCM reemphasized that the future of the ethanol market is very promising, and that the IBF and bilateral USG-GOB cooperation will go a long way toward bolstering and sustaining sugar cane prices in the third countries under discussion. Vargas agreed that the GOB and USG are very conscious of the fact that sugar cane price levels would be very important for all countries involved.

¶5. (SBU) Vargas and DCM closed the meeting by reiterating the GOB's and USG's desire to reaffirm the MOU at Camp David and discuss third-country partners. As Vargas stated, "it would not be proper to indicate that countries are part of the plan without first asking them whether they want to be involved." He indicated that he looked forward to the Dominican Republic's and Haiti's official replies, as well as to hear from the two nations which could not attend the meeting.

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